



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
WARREN COUNTY CLERK**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
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**EXECUTIVE SUMMARY**  
**WARREN COUNTY**  
**YVONNE GUY, COUNTY CLERK**  
**CALENDAR YEAR 1999**  
**FEE AUDIT**

On May 19, 2000, fieldwork was completed on the Warren County Clerk's 1999 fee audit. An unqualified (clean) opinion was issued on the statement of receipts and disbursements and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer.

**Payments to Warren County Fiscal Court:**

The County Clerk's 25% County Fund paid Warren County Fiscal Court \$428,477 from 1999 receipts.

**Operating Fund Financial Position:**

The County Clerk's 75% Operating Fund had sufficient money to pay all 1999 expenses. There was an ending balance of \$34,209 as of December 31, 1999.

**Deposits:**

The County Clerk's official bank deposits were insured or collateralized with bank assets throughout the 1999 fee year.

**Compliance:**

There were no material instances of noncompliance reported.



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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Paul E. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Michael O. Buchanon, Warren County Judge/Executive

Honorable Yvonne Guy, Warren County Clerk

Members of the Warren County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Warren County, Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 1999. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk is required to prepare the financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

Paul E. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Michael O. Buchanon, Warren County Judge/Executive

Honorable Yvonne Guy, Warren County Clerk

Members of the Warren County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated May 19, 2000, on our consideration of the County Clerk's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

May 19, 2000



WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 1999

Receipts

State Fees For Services		\$	46,921
Fiscal Court			6,715
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	2,085,298	
Usage Tax		11,049,384	
Tangible Personal Property Tax		5,338,628	
Notary Fees		20,355	
Lien Release Fees		16,468	
Miscellaneous		418	
Licenses-			
Marriage		32,085	
Miscellaneous		235	
Deed Transfer Tax		356,755	
Delinquent Taxes		353,128	19,252,754
Fees Collected for Services:			
Recordings-			
Bail Bonds	\$	105	
Deeds, Easements, and Contracts		57,482	
Real Estate Mortgages		171,273	
Chattel Mortgages and Financing Statements		234,592	
Powers of Attorney		7,339	
All Other Recordings		108,187	
Charges for Other Services-			
Candidate Filing Fees		810	
Copywork		25,729	
Postage		19,536	
Refunds and Overpayments		21,555	
Miscellaneous		5,595	652,203
Interest Earned			11,620
Gross Receipts (Carried Forward)		\$	19,970,213

WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 1999  
(Continued)

Gross Receipts (Brought Forward) \$ 19,970,213

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 1,549,151

Usage Tax 10,697,033

Tangible Personal Property Tax 1,878,175

Licenses-

Delinquent Tax 83,847

Legal Process Tax 86,178

Candidate Filing Fees 450 \$ 14,294,834

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 631,458

Delinquent Tax 62,959

Deed Transfer Tax 338,917

Miscellaneous 142 1,033,476

Payments to Other Districts:

Tangible Personal Property Tax \$ 2,611,173

Delinquent Tax 115,686 2,726,859

Payments to Sheriff

6,341

Payments to County Attorney

55,219

Operating Disbursements:

Materials and Supplies-

Office Supplies \$ 70

Other Charges-

Refunds 49,124

Postage 43

Bank Service Charges 388

Miscellaneous 2,618 52,243

Total Disbursements

18,168,972

Net Receipts

\$ 1,801,241

Payments to State Treasurer:

75% Operating Fund \$ 1,372,764

25% County Fund 428,477 1,801,241

Balance Due at Completion of Audit

\$ 0

The accompanying notes are an integral part of the financial statements.

WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
FUND BALANCES OF THE COUNTY CLERK'S OPERATING  
FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 1999

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 1999	\$ 0	\$ 0	\$ 0
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,372,764		1,372,764
Fees Paid to State - County Funds (25%)		428,477	428,477
Total Funds Available	<u>\$ 1,372,764</u>	<u>\$ 428,477</u>	<u>\$ 1,801,241</u>
<u>Disbursements</u>			
Warren County Government	\$	\$ 428,477	\$ 428,477
County Clerk's Statutory Maximum	74,269		74,269
County Clerk's Training Incentive	687		687
Deputies Salaries	806,514		806,514
Health Insurance	107,862		107,862
Fringe Benefits	131,256		131,256
Expense Allowance	3,600		3,600
Computer Rental	84,463		84,463
Copier Rental	24,362		24,362
Dues and Fees	3,780		3,780
Insurance and Bonds	8,467		8,467
Office Equipment	8,414		8,414
Office Supplies	10,009		10,009
Postage	19,143		19,143
Telephone	5,343		5,343
Travel Expense	2,560		2,560
Paper	2,363		2,363
Forms and Printing	15,844		15,844
Making Tax Bills	13,264		13,264
Books and Guides	2,399		2,399
Repair Labor	4,825		4,825
Recording Books	3,860		3,860
Recording Paper	5,271		5,271
Total Disbursements	<u>\$ 1,338,555</u>	<u>\$ 428,477</u>	<u>\$ 1,767,032</u>
Fund Balance - December 31, 1999	<u>\$ 34,209</u>	<u>\$ 0</u>	<u>\$ 34,209</u>

The accompanying notes are an integral part of the financial statements.

WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter, which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

WARREN COUNTY  
YVONNE GUY, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 1999  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

Note 4. Microfilming Grant

The Clerk received a Local Records Grant from the Kentucky Department for Libraries and Archives on June 27, 1997 in the amount of \$66,801. The balance as of January 1, 1999 was \$71,329. During calendar year 1999, the Clerk earned \$3,617 and spent \$37,170. The balance at December 31, 1999 was \$37,776.

Note 5. Reimbursed Expenses

The amount deposited to the County Clerk's Operating Funds (75%) with the State Treasurer included reimbursed expenses. The reimbursement expenses of \$87,332 include payments from the state and county in addition to miscellaneous revenues.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Michael O. Buchanon, Warren County Judge/Executive  
Honorable Yvonne Guy, Warren County Clerk  
Members of the Warren County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the Warren County Clerk's financial statements as of December 31, 1999, and have issued our report thereon dated May 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Warren County Clerk's financial statements as of December 31, 1999, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Warren County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Michael O. Buchanan, Warren County Judge/Executive  
Honorable Yvonne Guy, Warren County Clerk  
Members of the Warren County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
May 19, 2000

